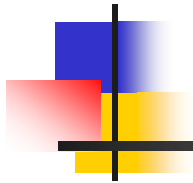


Office of Fiscal Analysis



Fiscal Forecast Presentation to the
Appropriations & Finance Committees
November 29, 2005

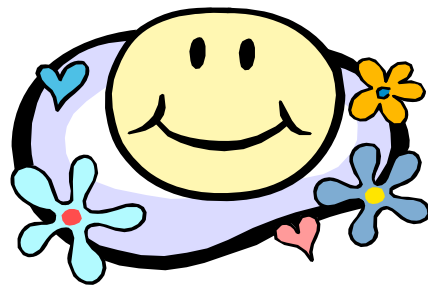


Office of Fiscal Analysis Presentation of Fiscal Forecasts for FY 06 through FY 10

- Surpluses/Deficits in Recent Years
- Budget Reserve Fund Status
- FY 06 and FY 07 Surplus Projections
- FY 08, FY 09 and FY 10 Structural Deficits & Spending Cap Issues based on Current Services Projections

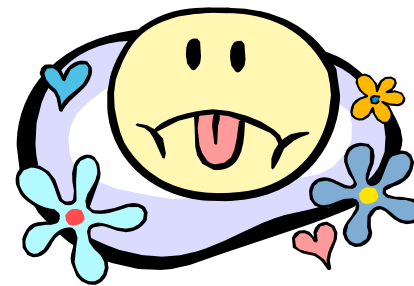
Major Theme of OFA Fiscal Forecasts

FY 06 & FY 07



Surpluses

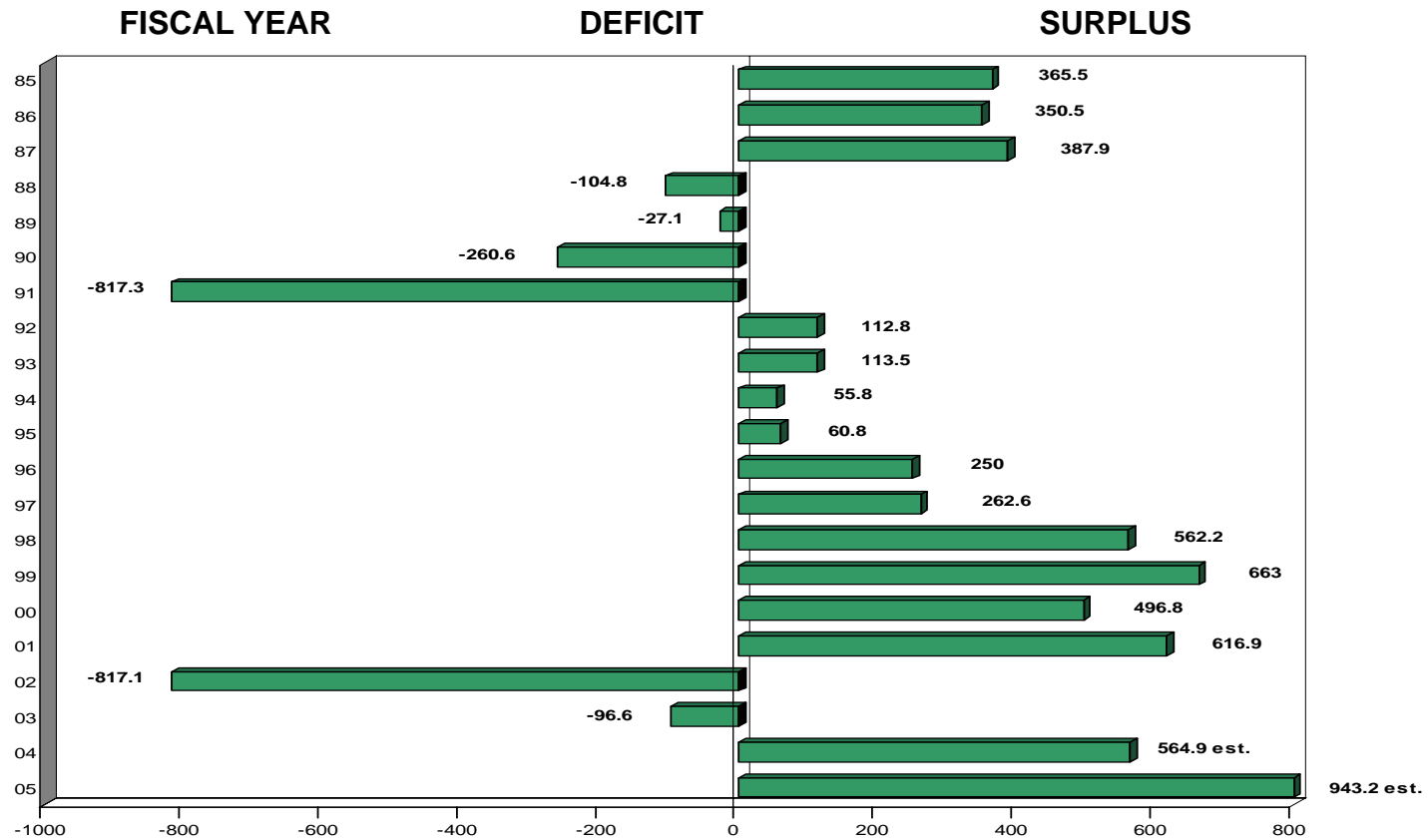
FY 08, FY 09 & FY 10



Structural Deficits &
Spending Cap Problems

General Fund Surplus or Deficit From Operations

(figures in \$ millions)

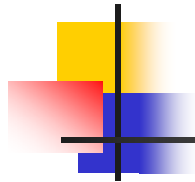




Budget Reserve Fund (BRF) Status

- Unappropriated Surplus Is Deposited in the BRF per Article XXXVIII of the State Constitution and Sec. 4-30a (CGS)
- \$594.7 Million Balance in FY 01 Completely Used to Partially Cover the \$817.1 Million Deficit in FY 02
- Surpluses of \$302.2 million from FY 04 and \$303.4 million from FY 05
Totaling \$605.6 million may be Deposited after the Comptroller Closes Books on December 31, 2005
- How Much of Projected FY 06 & FY 07 Surpluses will remain Unappropriated and Be Deposited in BRF?
- PA 03-2 Increased the Maximum Allowable in the BRF to 10% of Net General Fund Appropriations (Capacity Could Reach \$1.48 Billion if FY 07 Budget Grows to \$14.8 Billion)

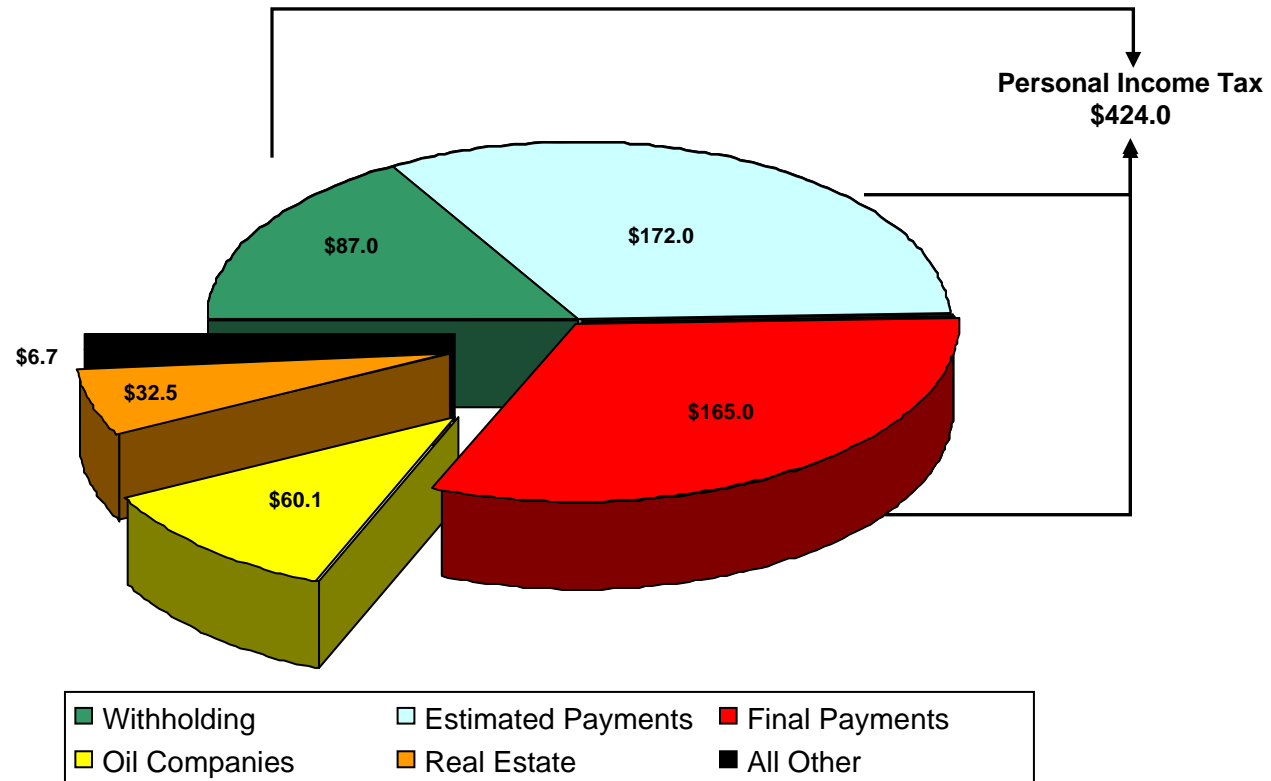
FY 06 General Fund Summary: Nov. 15, 2005 (in millions)



	<u>Budget Plan</u>	<u>Increases (Decreases)</u>	<u>Projected</u>
Revenues			
Taxes	\$ 10,455.4	\$ 545.2	\$ 11,000.6
Other Revenue	1,107.2	8.1	1,115.3
Other Sources	<u>2,571.1</u>	<u>(30.0)</u>	<u>2,541.1</u>
Total Revenue	\$ 14,133.7	\$ 523.3	\$ 14,657.0
Appropriations			
Original Appropriations - Gross	\$ 14,237.1	\$ -	\$ 14,237.1
Plus:			
Emergency Home Heating Assistance (PA 05-2 Sections 3 and 8, October 25 Special Session)	-	3.0	3.0
Deficiency Requirements	-	38.8	38.8
Adjudicated Claims	-	7.0	7.0
Refunds of Escheated Property	-	17.0	17.0
Less:			
Lapses	<u>(105.4)</u>	<u>(65.0)</u>	<u>(170.4)</u>
Total Expenditures	\$ 14,131.7	\$ 0.8	\$ 14,132.5
Surplus/(Deficit) from Operations for FY 06	\$ 2.0	\$ 522.5	\$ 524.5

Increases in FY 06 Revenue Estimates*

(\$ - Millions)

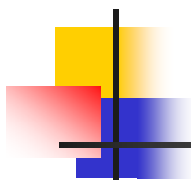


* Total General Fund Changes = \$523.3 million

Preliminary General Fund Budget Projections: FY 06 through FY 10 (figures in \$ millions)



	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10		
Budget Overview:									
	Surplus Estimate FY 04	Surplus Estimate FY 05	OFA Estimate as of Budget Passage 6/7/05 FY 06	OFA Revised Estimate 11/15/05 FY 06	OFA Estimate as of Budget Passage 6/7/05 FY 07	OFA Revised Estimate 11/15/05 FY 07	OFA Current Services Estimate 11/15/05 FY 08	OFA Current Services Estimate 11/15/05 FY 09	OFA Current Services Estimate 11/15/05 FY 10
Revenues	-	-	14,133.7	14,657.0	14,748.5	15,266.4	15,702.0	16,229.0	16,803.0
Expenditures	-	-	14,131.7	14,132.5	14,745.2	14,769.4	15,860.0	16,470.8	17,143.5
Balance	302.2	303.4	2.0	524.5	3.3	497.0	(158.0)	(241.8)	(340.5)
Maximum Allowable in Budget Reserve (Rainy Day) Fund	10.0% maximum	1,413.2							
Potential BRF Deposit	4.3% funded	605.6							
Extent to Which BRF Not Fully Funded	5.7% unfunded	807.6							
Spending Cap Comparisons (All Funds):									
Amount Total Appropriations (Under) Over Cap (assuming that the legislature will appropriate up to the allowed expenditure limit in FY 06 and FY 07 and that the appropriation will not exceed allowed expenditures in FY 08 and FY 09)			(24.4)	(19.4)	(10.4)	(6.8)	266.4	135.1	12.4
Reasons for FY 08, FY 09 & FY 10 Shortfalls:									
FY 08 - Unavailable One-Time Revenues (General Fund)							53.0	-	-
General Fund Growth Rates (Adjusted):									
Revenue							3.7%	3.6%	3.2%
Expenditures							5.6%	3.9%	4.1%

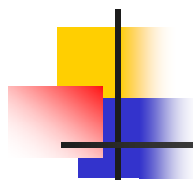


OFA Current Services Projections

General Fund

(figures in \$ millions)

Major Accounts	Original Approp. FY 06	Original Approp. FY 07	OFA CS Projections		
			FY 08	FY 09	FY 10
DSS - Medicaid	3,218.7	3,311.8	3,463.2	3,688.3	3,928.0
Personal Services	2,661.5	2,777.5	2,902.5	2,993.5	3,111.5
SDE - ECS	1,594.4	1,594.4	1,630.0	1,665.0	1,700.0
Debt Service	1,273.4	1,388.3	1,523.9	1,577.4	1,653.6
Other Expenses	458.4	459.4	468.6	478.0	487.5
State Employees Retirement Contributions	447.2	477.2	507.1	537.8	569.1
Retired State Employees Health Service Cost	410.0	425.4	442.0	459.2	477.1
State Employees Health Service Cost	404.5	483.6	502.5	522.1	542.4
DCF - Board and Care for Children (Residential, Foster & Adoption)	317.4	346.3	376.5	394.8	413.2
DMR - Community Residential Services	301.1	317.4	331.7	346.6	362.2
TRB - Retirement Contributions	226.1	236.6	432.7	454.3	477.1
Social Security (Social Security for FY 08 through FY 10 included in F	195.5	208.1	208.1	208.1	208.1
DSS - State Administered General Assistance (SAGA)	143.6	152.6	162.5	173.1	184.3
DMR - Employment Opportunities and Day Services	134.1	142.8	150.4	158.4	166.8
DSS - Temporary Assistance to Families (TANF)	132.3	131.8	127.5	130.1	132.7
DSS - DMHAS-Disproportionate Share	105.9	105.9	105.9	105.9	105.9
PILOT - Private Property	105.9	105.9	105.9	105.9	105.9
SDE - Priority School Districts	102.2	105.3	105.3	105.3	105.3
SDE - Magnet Schools	84.5	94.0	104.0	114.0	125.0
DOC - Inmate Medical Services	84.2	86.1	95.3	100.1	105.0
SDE - Excess Cost-Student Based	80.1	86.6	88.3	90.1	91.9
DMHAS - Grants for Mental Health Services	76.3	76.1	77.6	79.2	80.8
Workers' Comp. Claims (DPS, DMR, DMHAS, DOC, DCF, DAS)	73.4	79.6	87.8	93.2	99.2
DMHAS - General Assistance Managed Care	73.0	75.5	77.0	78.6	80.1
PILOT - State Property	70.0	70.0	70.0	70.0	70.0
DSS - Child Care Services-TANF/CCDBG	68.6	69.5	70.9	72.3	73.8
DSS - Disproportionate Share-Medical Emergency Assistance	58.7	53.7	53.7	53.7	53.7
DSS - Aid to the Disabled	55.7	56.4	57.5	58.7	59.9
OPM - PILOT-New Manufacturing Machinery and Equipment	50.7	50.7	50.7	50.7	50.7
DSS - ConnPACE	50.1	58.3	54.7	59.0	63.6
SDE - Transportation of School Children	46.8	48.0	49.0	50.1	51.1
DSS - Connecticut Home Care Program	43.8	50.2	53.5	56.9	60.6
Judicial - Alternative Incarceration Program	42.5	42.9	43.8	44.6	45.5
DSS - Old Age Assistance	31.8	32.7	33.4	34.0	34.7
DSS - DSH-Urban Hospitals in Distressed Municipalities	31.6	31.6	31.6	31.6	31.6



OFA Current Services Projections (continued)

General Fund

(figures in \$ millions)

	Original Approp. FY 06	Original Approp. FY 07		OFA CS Projections		
				FY 08	FY 09	FY 10
DMHAS - Managed Service System	27.6	27.7		28.3	28.8	29.4
DOL - Workforce Investment Act	27.3	27.3		27.3	27.3	27.3
DOC - Community Support Services	26.4	28.1		29.0	29.9	30.8
DSS - Housing/Homeless Services	25.9	26.7		27.2	27.8	28.3
DMHAS - Special Populations	25.5	25.6		26.1	26.6	27.2
DSS - HUSKY Program	24.3	27.3		29.1	31.0	33.0
DMR - Early Intervention	23.4	23.6		24.8	25.4	26.0
DMHAS - Grants for Substance Abuse Services	22.2	22.1		22.5	23.0	23.5
DCF - Community KidCare	22.2	22.9		23.4	23.8	24.3
Judicial - Juvenile Alternative Incarceration	21.2	21.6		23.9	24.3	24.8
SDE - Charter Schools	20.6	23.8		24.3	24.8	25.3
OPM - Property Tax Relief Elderly Circuit Breaker	20.5	20.5		20.5	20.5	20.5
Totals - Major Accounts	13,541.1	14,129.4	95.1%	14,951.3	15,553.7	16,228.4
All Other Gross GF Appropriations	696.0	730.5	4.9%	745.3	760.0	775.1
Gross GF Appropriations	14,237.1	14,859.9	100.0%	15,696.6	16,313.7	17,003.5
Legislative Unallocated Lapses	(2.2)	(2.2)		(2.2)	(2.2)	(2.2)
Estimated Unallocated Lapses	(77.2)	(86.5)		(51.5)	(51.5)	(51.5)
General Personal Services Reduction	(14.0)	(14.0)		(14.0)	(14.0)	(14.0)
General Other Expenses Reduction	(11.0)	(11.0)		(11.0)	(11.0)	(11.0)
Centralize Business Operations	(1.0)	(1.0)		(1.0)	(1.0)	(1.0)
Net GF Appropriations	14,131.7	14,745.2		15,616.9	16,234.0	16,923.8
Ongoing Items Funded through FY 05 Anticipated Surplus	-	-		165.5	98.7	81.1
Additional State Agency Energy Requirements	-	-		15.5	15.5	15.5
Ongoing Impact of Potential FY 05 Deficiency Requirements excluding Energy et	-	-		19.6	20.0	20.3
Generally Accepted Accounting Principles (GAAP) - reflects net exp./rev. impact	-	-		39.0	99.0	99.0
DCF - Emily J. Settlement/Agreement	-	-		3.6	3.6	3.7
Adjusted Net GF Appropriations	14,131.7	14,745.2		15,860.0	16,470.8	17,143.5
Revenue	14,133.7	14,748.5		15,702.0	16,229.0	16,803.0
Projected Surplus/(Deficit)	2.0	3.3		(158.0)	(241.8)	(340.5)